

## **Exhibit A(2)**

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody, or control of your salespersons) in transit more than one hundred (100) feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
  - 1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
  - 2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
  - 3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is one thousand (1,000) dollars.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. **Water Damage, Other Liquids, Powder or Molten Material Damage.** If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

We will not pay the cost to repair any defect that caused the loss or damage; but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

#### F. DEFINITIONS

"Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
  - a. The cost of filling sinkholes; or
  - b. Sinking or collapse of land into man-made underground cavities.
2. Falling objects does not include loss or damage to:
  - a. Personal property in the open; or
  - b. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
3. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION H - DEFINITIONS.

**A. COVERAGE**

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

**1. Covered Property**

Covered Property, as used in this Coverage Part, means the following types of property for which a Limit of Insurance is shown in the Declarations:

**a. Building, meaning the building or structure described in the Declarations, including:**

- 1) Completed additions;
- 2) Permanently installed:
  - a) Fixtures;
  - b) Machinery; and
  - c) Equipment;
- 3) Outdoor fixtures;
- 4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - a) Fire extinguishing equipment;
  - b) Outdoor Furniture;
  - c) Floor coverings; and
  - d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- 5) If not covered by other insurance:
  - a) Additions under construction, alterations and repairs to the building or structure;
  - b) Materials, equipment, supplies and temporary structures, on or within one hundred (100) feet of the described premises, used for making additions, alterations or repairs to the building or structure.

**b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within one hundred (100) feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property Separation of Coverage form:**

- 1) Furniture and fixtures;
- 2) Machinery and equipment;
- 3) "Stock";
- 4) All other personal property owned by you and used in your business;
- 5) Labor, materials or services furnished or arranged by you on personal property of others; and

6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

- a) Made a part of the building or structure you occupy but do not own; and
- b) You acquire or made at your expense but cannot legally remove.

c. Personal Property of Others that is:

- 1) In your care, custody or control; and
- 2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within one hundred (100) feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

## 2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, deeds, evidences of debt, money, notes or securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - 1) The lowest basement floor; or
  - 2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of the building described in the Declarations;
- m. Underground pipes, flues or drains;
- n. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;
- o. Vehicles or self-propelled machines (including aircraft or watercraft) that:
  - 1) Are licensed for use on public roads; or
  - 2) Are operated principally away from the described premises.

This paragraph does not apply to:

- a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- b) Vehicles or self-propelled machines, other than autos, you hold for sale; or
    - c) Rowboats or canoes out of water at the described premises;
  - p. The following property while outside of buildings:
    - 1) Grain, hay, straw or other crops;
    - 2) Fences, radio or television antennas, including their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants, all except as provided in the Coverage Extensions.
- 3. Covered Causes of Loss

See applicable Causes of Loss Form as shown in the Declarations.
- 4. Additional Coverages
  - a. Debris Removal
    - 1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within one hundred eighty (180) days of the earlier of:
      - a) The date of direct physical loss or damage; or
      - b) The end of the policy period.
    - 2) The most we will pay under this Additional Coverage is 25% of:
      - a) The amount we pay for the direct physical loss of or damage to Covered Property; plus
      - b) The deductible in this policy applicable to that loss or damage.But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.
    - 3) This Additional Coverage does not apply to costs to:
      - a) Extract "pollutants" from land or water; or
      - b) Remove, restore or replace polluted land or water.
  - b. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

    - 1) While it is being moved or while temporarily stored at another location; and
    - 2) Only if the loss or damage occurs within ten (10) days after the property is first moved.
  - c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to one thousand (1,000) dollars for your liability for fire department service charges:

    - 1) Assumed by contract or agreement prior to loss; or
    - 2) Required by local ordinance.

No Deductible applies to this Additional Coverage.
  - d. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the release, discharge or dispersal of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within one hundred eighty (180) days of the earlier of:

- 1) The date of direct physical loss or damage; or
- 2) The end of the policy period.

The most we will pay for each location under this Additional Coverage is ten thousand (10,000) dollars for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate twelve (12) month period of this policy.

#### 5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within one hundred (100) feet of the described premises.

If a Coinsurance percentage of 80% or more or, a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

##### a. Newly Acquired or Constructed Property

- 1) You may extend the insurance that applies to Building to apply to:
  - a) Your new buildings while being built on the described premises; and
  - b) Buildings you acquire at locations, other than the described premises, intended for:
    - i) Similar use as the building described in the Declarations; or
    - ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is 25% of the Limit of Insurance for Building shown in the Declarations, but not more than two hundred fifty thousand (250,000) dollars at each building.

- 2) You may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions.

The most we will pay for loss or damage under this Extension is 10% of the Limit of Insurance for Your Business Personal Property shown in the Declarations, but not more than one hundred thousand (100,000) dollars at each building.

- 3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:

- a) This policy expires;
- b) Thirty (30) days expire after you acquire or begin to construct the property; or
- c) You report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

##### b. Personal Effects and Property of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- 1) Personal effects owned by you, your officers, your partners or your employees. This extension does not apply to loss or damage by theft.
- 2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is two thousand five hundred (2,500) dollars at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers and Records - Cost of Research

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is one thousand (1,000) dollars at each described premises.

d. Property Off-Premises

You may extend the insurance provided by this Coverage Form to apply to your Covered Property, other than "stock", that is temporarily at a location you do not own, lease or operate. This Extension does not apply to Covered Property:

- 1) In or on a vehicle;
- 2) In the care, custody or control of your salespersons; or
- 3) At any fair or exhibition.

The most we will pay for loss or damage under this Extension is five thousand (5,000) dollars.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas, signs (other than signs attached to buildings), trees, shrubs and plants, including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- 1) Fire;
- 2) Lightning;
- 3) Explosion;
- 4) Riot or Civil Commotion; or
- 5) Aircraft.

The most we will pay for loss or damage under this Extension is one thousand (1,000) dollars, but not more than two hundred fifty (250) dollars for any one tree, shrub or plant.

Each of these Extensions is additional insurance. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. EXCLUSIONS

See applicable Causes of Loss Form as shown in the Declarations.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs attached to buildings is one thousand (1,000) dollars per sign in any one occurrence.

The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Preservation of Property; or



## 2. Debris Removal; but if:

- a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
- b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

we will pay up to an additional five thousand (5,000) dollars for each location in any one occurrence under the Debris Removal Additional Coverage.

## D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

## E. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

## 1. Abandonment

There can be no abandonment of any property to us.

## 2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

## 3. Duties In The Event Of Loss Or Damage

You must see that the following are done in the event of loss or damage to Covered Property:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.
- c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- f. Permit us to inspect the property and records proving the loss or damage.

Also permit us to take samples of damaged property for inspection, testing and analysis.



- g. If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.
- h. Send us a signed, sworn statement of loss containing the information we request to investigate the claim. You must do this within sixty (60) days after our request. We will supply you with the necessary forms.
- i. Cooperate with us in the investigation or settlement of the claim.

#### 4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
  - 1) Pay the value of lost or damaged property;
  - 2) Pay the cost of repairing or replacing the lost or damaged property;
  - 3) Take all or any part of the property at an agreed or appraised value; or
  - 4) Repair, rebuild or replace the property with other property of like kind and quality.
- b. We will give notice of our intentions within thirty (30) days after we receive the sworn statement of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owner's property. We will not pay the owners more than their financial interest in the Covered Property.
- e. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- f. We will pay for covered loss or damage within thirty (30) days after we receive the sworn statement of loss, if:
  - 1) You have complied with all of the terms of this Coverage Part; and
  - 2) a) We have reached agreement with you on the amount of loss; or  
b) An appraisal award has been made.

#### 5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

#### 6. Vacancy

If the building where loss or damage occurs has been vacant for more than sixty (60) consecutive days before that loss or damage, we will:

- a. Not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
  - 1) Vandalism;
  - 2) Sprinkler leakage, unless you have protected the system against freezing;
  - 3) Building glass breakage;

- 4) Water damage;
- 5) Theft; or
- 6) Attempted theft.

b. Reduce the amount we would otherwise pay for the loss or damage by 15%.

A building is vacant when it does not contain enough business personal property to conduct customary operations.

Buildings under construction are not considered vacant.

## 7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in b., c., d., e. and f. below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is two thousand five hundred (2,500) dollars or less, we will pay the cost of building repairs or replacement.

This provision does not apply to the following even when attached to the building:

- 1) Awnings or floor coverings;
- 2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- 3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not yet delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety glazing material if required by law.
- e. Tenant's Improvements and Betterments at:
  - 1) Actual cash value of the lost or damaged property if you make repairs promptly.
  - 2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
    - a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
  - 3) Nothing if others pay for repairs or replacement.
- f. Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:
  - 1) Blank materials for reproducing the records; and
  - 2) Labor to transcribe or copy the records when there is a duplicate.

## F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

# 1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- 1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- 2) Divide the Limit of Insurance of the property by the figure determined in step (1);
- 3) Multiply the total amount of the covered loss, before the application of any deductible, by the figure determined in step (2); and
- 4) Subtract the deductible from the figure determined in step (3).

The amount determined in step (4) is the most we will pay. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

## Example No. 1 (Underinsurance):

When: The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$100,000
The Deductible is	\$250
The amount of loss is	\$40,000

Step (1):  $\$250,000 \times 80\% = \$200,000$  (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$100,000$  divided by  $\$200,000 = .50$

Step (3):  $\$40,000 \times .50 = \$20,000$

Step (4):  $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

## Example No. 2 (Adequate Insurance):

When: The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$200,000
The Deductible is	\$250
The amount of loss is	\$40,000

Step (1):  $\$250,000 \times 80\% = \$200,000$  (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$200,000$  divided by  $\$200,000 = 1.00$

Step (3):  $\$40,000 \times 1.00 = \$40,000$

Step (4):  $\$40,000 - \$250 = \$39,750$

We will cover the \$39,750 loss in excess of the Deductible. No penalty applies.

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example No. 3:

When: The value of property is:

Building at Location No. 1	\$75,000
Building at Location No. 2	\$100,000
Personal Property at Location No. 2	\$75,000
	<u>\$250,000</u>
The Coinsurance percentage for it is	90%
The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is	\$180,000
The Deductible is	\$1,000
The amount of loss is Building at Location No. 2	\$30,000
Personal Property at Location No. 2.	\$20,000
	<u>\$50,000</u>

Step (1):  $\$250,000 \times 90\% = \$225,000$  (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2):  $\$180,000$  divided by  $\$225,000 = .80$

Step (3):  $\$50,000 \times .80 = \$40,000$

Step (4):  $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

## 2. Mortgage Holders

- a. The term "mortgage holder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
  - 1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
  - 2) Submits a signed, sworn statement of loss within sixty (60) days after receiving notice from us of your failure to do so; and
  - 3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this Coverage Part will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- 1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- 2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgage holder at least:
  - 1) Ten (10) days before the effective date of cancellation if we cancel for your non-payment of premium; or
  - 2) Thirty (30) days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least ten (10) days before the expiration date of this policy.

#### G. OPTIONAL COVERAGES *NS*

If shown in the Declarations, the following Optional Coverages apply separately to each item.

##### 1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
  - 1) On or after the effective date of this Optional Coverage; and
  - 2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

##### 2. Inflation Guard *NS*

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
  - 1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
  - 2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
  - 3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If: The applicable Limit of Insurance is	\$100,000
The annual percentage increase is	8%
The number of days since the beginning of the policy year (or last policy change) is	146

The amount of increase is  $\$100,000 \times .08 \times 146$  divided by 365 = \$3,200

### 3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- b. This Optional Coverage does not apply to;
  - 1) Property of others;
  - 2) Contents of a residence;
  - 3) Manuscripts;
  - 4) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
  - 5) "Stock," unless the Including "Stock" option is shown in the Declarations.
- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for additional coverage this Optional Coverage provides if you notify us on your intent to do so within one hundred eighty (180) days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
  - 1) Until the lost or damaged property is actually repaired or replaced; and
  - 2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of:
  - 1) The Limit of Insurance applicable to the lost or damaged property;
  - 2) The cost to replace, on the same premises, the lost or damaged property with other property:
    - a) Of comparable material and quality; and
    - b) Used for the same purpose; or
  - 3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

### H. DEFINITIONS

1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
2. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

## ACCOUNTS RECEIVABLE COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section E - DEFINITIONS.

## A. COVERAGE

## 1. We will pay:

- a. All amounts due from your customers that you are unable to collect;
- b. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- c. Collection expenses in excess of your normal collection expenses that are made necessary by the "loss;" and
- d. Other reasonable expenses that you incur to re-establish your records of accounts receivable; that result from Covered Causes of Loss to your records of accounts receivable.

## 2. PROPERTY NOT COVERED

Coverage does not apply to:

- a. Records of accounts receivable in storage away from the "premises" shown in the Declarations; or
- b. Contraband, or property in the course of illegal transportation or trade.

## 3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to your records of accounts receivable except those causes of "loss" listed in the Exclusions.

## 4. ADDITIONAL COVERAGE - COLLAPSE

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

- a. Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; breakage of glass; falling objects; weight of snow, ice or sleet; water damage; all only as covered in this Coverage Form;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

## 5. COVERAGE EXTENSION



## Removal

If you give us written notice within 10 days of removal of your records of accounts receivable because of imminent danger of "loss," we will pay for "loss" while they are:

- a. At a safe place away from your "premises;"
- b. Being taken to and returned from that place.

This Coverage Extension is included within the Limit of Insurance applicable to the "premises" from which the records of accounts receivable are removed.

## B. EXCLUSIONS

1. We will not pay for "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

- a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

- b. NUCLEAR HAZARD

- 1) Any weapon employing atomic fission or fusion; or
- 2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

- c. WAR AND MILITARY ACTION

- 1) War, including undeclared or civil war;
- 2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- 3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for a "loss" caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss.
- b. Dishonest acts by you, anyone else with an interest in the records of accounts receivable, or your employees or authorized representatives, or anyone entrusted with the records of accounts receivable, whether or not acting alone or in collusion with other persons or occurring during the hours of employment.

But this exclusion does not apply to a carrier for hire.

- c. Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- d. Bookkeeping, accounting or billing errors or omissions.
- e. Electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct "loss" caused by lightning.

- f. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
  - g. Unauthorized instructions to transfer property to any person or to any place.
3. We will not pay for "loss" that requires any audit of records or any inventory computation to prove its factual existence.
4. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss."
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the "loss."
  - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
  - c. Faulty, inadequate or defective:
    - 1) Planning, zoning, development, surveying, siting;
    - 2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
    - 3) Materials used in repair, construction, renovation or remodeling; or
    - 4) Maintenance;of part or all of any property wherever located.
  - d. Collapse except as provided in the Additional Coverage - Collapse section of this Coverage Form.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

D. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

1. COVERAGE TERRITORY

We cover records of accounts receivable:

- a. Within your "premises;" and
- b. Away from your "premises" while in transit or within premises of others if those premises are located or the transit is within:
  - 1) The United States of America;
  - 2) Puerto Rico; and
  - 3) Canada.

2. DETERMINATION OF RECEIVABLES

General Condition E. Valuation in the Commercial Inland Marine Conditions is replaced by the following:

- a. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of "loss," the following method will be used:

- 1) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the "loss" occurs; and
  - 2) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the "loss" occurred or for any demonstrated variance from the average for that month.
- b. The following will be deducted from the total amount of accounts receivable, however that amount is established:
- 1) The amount of the accounts for which there is no "loss;"
  - 2) The amount of the accounts that you are able to re-establish or collect; and
  - 3) An amount to allow for probable bad debts that you are normally unable to collect; and
  - 4) All unearned interest and service charges.

### 3. COINSURANCE

All accounts receivable, except those in transit, must be insured for at least 80% of their total value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in the Declarations for Coverage Applicable at All Locations bears to 80% of the total value of all accounts receivable at all locations as of the time of "loss." This penalty will not apply to records of accounts receivable in transit, interest charges, excess collection expenses or expenses to re-establish your records of accounts receivable.

### 4. PROTECTION OF RECORDS

Whenever you are not open for business, and except while you are actually using the records, you must keep all records of accounts receivable in receptacles that are described in the Declarations.

### 5. RECOVERIES

The following is added to Commercial Inland Marine Loss Condition 1. Recoveries:

You will pay us the amount of all recoveries you receive for a "loss" paid by us. But any recoveries in excess of the amount we have paid belong to you.

## E. DEFINITIONS

1. "Loss" means accidental loss or damage.
2. "Premises" means that interior portion of the building at the address shown in the Declarations that you occupy for your business.

## VALUABLE PAPERS AND RECORDS COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F - DEFINITIONS.

## A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. COVERED PROPERTY, as used in this Coverage Form, means "valuable papers and records" that are your property or property of others in your care; custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Property not specifically declared and described in the Declarations if such property cannot be replaced with other property of like kind quality;
- b. Property held as samples or for delivery after sale;
- c. Property in storage away from the "premises" shown in the Declarations; or
- d. Contraband, or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

4. ADDITIONAL COVERAGE - COLLAPSE

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

- a. Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; breakage of glass; falling objects; weight of snow, ice or sleet; water damage; all only as covered in this Coverage Form;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

5. COVERAGE EXTENSIONS

- a. Removal

If you give us written notice within 10 days of removal of your "valuable papers and records" because of imminent danger of "loss," we will pay for "loss" while it is:

- 1) At a safe place away from your "premises;" or

2) Being taken to and returned from that place.

This Coverage Extension is included within the Limits of Insurance applicable to the "premises" from which the Covered Property is removed.

b. Away From Your Premises

We will pay up to \$5,000 for "loss" to Covered Property while it is away from your "premises."

But if a higher Limit of Insurance is specified in the Declarations, the higher limit will apply.

The limit for this Coverage Extension is additional insurance.

B. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. NUCLEAR HAZARD

1) Any weapon employing atomic fission or fusion; or

2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. WAR AND MILITARY ACTION

1) War, including undeclared or civil war;

2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for a "loss" caused by or resulting from any of the following:

a. Delay, loss of use, loss of market or any other consequential loss.

b. Dishonest acts by you, anyone else with an interest in the property, or your or their employees or authorized representatives, or anyone entrusted with the property, whether or not acting alone or in collusion with other persons or occurring during the hours of employment.

But this exclusion does not apply to a carrier for hire.

c. Errors or omissions in processing or copying.

But we will pay for direct "loss" caused by resulting fire or explosion if these causes of "loss" would be covered by this Coverage Form.

d. Electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct "loss" caused by lightning.

e. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- f. Unauthorized instructions to transfer property to any person or to any place.
- 3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss."
  - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the "loss."
  - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
  - c. Faulty, inadequate or defective:
    - 1) Planning, zoning, development, surveying, siting;
    - 2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
    - 3) Materials used in repair, construction, renovation or remodeling; or
    - 4) Maintenance;
 of part or all of any property wherever located.
  - d. Collapse except as provided in the Additional Coverage - Collapse section of this Coverage Form.
  - e. Wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration; insects, vermin or rodents.

#### C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

#### D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limits of Insurance exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

#### E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

##### 1. COVERAGE TERRITORY

We cover property:

- a. Within your "premises;" and
- b. Away from your "premises" while in transit or within premises of others if those premises are located or the transit is within:
  - 1) The United States of America;
  - 2) Puerto Rico; and
  - 3) Canada.

##### 2. VALUATION - SPECIFICALLY DECLARED ITEMS

The following is added to Commercial Inland Marine General Condition E. Valuation:

The value of each item of property that is specifically declared and described in the Declarations is the applicable Limit of Insurance shown in the Declarations for that item.

3. PROTECTION OF RECORDS

Whenever you are not open for business, and except while you are actually using the property, you must keep all "valuable papers and records" in receptacles that are described in the Declarations.

4. RECOVERIES

The following is added to Commercial Inland Marine Loss Condition 1. Recoveries:

*If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. If so, your "loss" will be readjusted based on the amount you received for the property recovered, with allowance for recovery expenses incurred.*

F. DEFINITIONS

1. "Loss" means accidental loss or damage.
2. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.  
  
But "valuable papers and records" does not mean "money" or "securities," converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.
3. "Premises" means that interior portion of the building at the address shown in the Declarations that you occupy for your business.
4. "Money" means:
  - a. Currency, coins and bank notes whether or not in current use; and
  - b. Travelers checks, register checks and money orders held for sale to the public.
5. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
  - a. Tokens, tickets, revenue and other stamps whether or not in current use; and
  - b. Evidences of debt issued in connection with credit or charge cards, which cards are not of your own issue;but does not include "money."



## TRANSPORTATION FORM

Inland Marine

Attached to and forming part of Policy No. 1374229 Exp. Date 06/22/2005Issued to WYNN RESORTS, L.L.C.

1. This Policy covers on lawful goods and merchandise of the Insured or held by them in trust or on commission or on consignment or property of others for which the Insured may be liable or on which they have made advances.
2. This Policy covers the property insured while in due course of transit only at risk of the Insured within and between the States of the United States, the District of Columbia and Canada, excluding Alaska and Hawaii, from the time the property leaves the store, warehouse or factory at initial point of shipment and continuously thereafter, including while on docks, wharves, piers, bulkheads, depots, stations or platforms, until delivered at the store, warehouse or factory at destination.
3. This Company's liability under this policy shall not exceed:
  - ✓ (a) \$250,000 while in the custody of any Truckman or Trucking Company;
  - ✓ (b) \$250,000 while in the custody of any Railroad or the Railway, Express Agency (including while on ferries and/or in railroad cars on transfers or lighters);
  - ✓ (c) \$250,000 while in the custody of a Scheduled Air Transportation Carrier;
  - ✓ (d) \$250,000 while in trucks, trailers or semi-trailers owned, leased or operated by or for the Insured;
  - (e) \$NOT COVERED while in the custody of messengers or while contained in or on hand carts, hand trucks or taxicabs.
- ✓ In no event shall this Company be liable for more than \$250,000 in any one casualty, either in case of partial or total loss, or salvage charges, or any other charges, or expenses, or all combined.
4. **THIS POLICY INSURES:**  
Against all risks of direct physical loss of or damage to the insured property from any external cause (including General Average and/or salvage charges and expenses), except as herein excluded.
5. **THIS POLICY DOES NOT INSURE:**
  - (a) Accounts, bills, bullion, coins, currency, deeds, evidences of debt, money, notes, securities, stamps, precious stones, fine arts or jewelry;
  - (b) Against loss or damage resulting from inadequate packing or improper preparation for shipment or from insecure stowage when not stowed by the carrier;
  - (c) Against loss or damage by insects, vermin, moths, rodents, worms and other buglike creatures including larvae or pupae thereof leakage, evaporation, shrinkage, wetness or dampness, contamination, change in color, odor, texture or finish, extremes or changes of temperature including freezing, breakage, marring, chipping, denting, scratching, or by being scented, molded, rusted, rotted, soured or changed in flavor unless caused by fire, lightning, windstorm, vandalism and malicious mischief, flood, explosion or collision, or derailment or overturning of vehicle while on land, or collision, derailment or overturning of vehicle while on land, or collision or crashing of aircraft while in flight, or by the vessel, craft or lighter being stranded, sunk, burned or in collision while waterborne;
  - (d) Against loss, damage or expense caused by or resulting from delay, loss of market, loss of use, inherent vice or gradual deterioration;
  - (e) Against loss, damage or expense caused by or resulting from strikes, lockouts, labor disturbances, riots, civil commotion's, or the acts of any persons taking part in any such occurrence or disorder;
  - (f) Import shipments except only after Marine Insurance has ceased to cover, nor export shipments after laden on board export conveyance or under the protection of marine Insurance, whichever first occurs;
  - (g) Shipments by mail or parcel post;
  - (h) Animals, unless specifically named herein, and then only against death or destruction resulting from or made necessary as consequence of a peril insured against;
  - (i) Against loss caused by neglect of the Insured to use all reasonable means to save and preserve the property at and after any disaster insured against;

- (j) Against loss, damage or expense caused by or resulting from infidelity and dishonesty either or both of any person or persons in employment or service of the Insured, whether during regular hours of Employment or not (carriers for hire except);
- (k) Against loss or damage caused by or resulting from (1) hostile or warlike action in time of peace or war, including action in hindering combating or defending against an actual, impending, or expected attack, (a) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (b) by military, naval or air forces; or (c) by an agent of any such government, power, authority or forces; (2) any weapon of war employing atomic fission or radioactive force whether in time of peace or war; (3) insurrection, rebellion, revolution, civil war, usurped power; or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or Customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
- (l) Against loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this policy; however, subject to the foregoing and all provisions of this policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this policy;

**6. VALUATION:**

The property shall be valued at actual invoice cost, including prepaid or advanced freight, if any, together with such costs and charges (including the commission of the insured as selling agent, but excluding duty) as may have accrued and become legally due thereon. In the event of there being no invoice, the valuation of the merchandise insured hereunder shall be the actual cash market value of the property insured at point of destination on the date of disaster.

**7. PREMIUM READJUSTMENT AND REPORT OF SHIPMENTS:**

The premium charged under this policy is based on an estimate of \$ Included value of shipment during the period insured, and the Insured warrants to report to this Company at the end of N/A (policy year, unless otherwise specified) the actual value of all shipments (in accordance with the valuation clause contained in this policy) covered hereunder during the period for which such report is required, and upon the total of all reported shipments exceeding in the aggregate the said estimated value the Insured agrees to pay this Company additional premium at the rate of N/A per \$100.00, such additional premium to become due and payable to this Company immediately upon the furnishing of the aforesaid report or reports; but in the event of the actual shipments falling short of the said estimated value then this Company will return premium at the same rate on the deficiency, but no return premium shall become due or payable until the expiration of this policy.

**8. CLAIM AGAINST CARRIER:**

In the event of any loss or damage to the goods and/or merchandise insured hereunder the Insured shall immediately make claim in writing against the carrier or carriers involved.

**9. DEDUCTIBLE:**

Each claim for loss or damage (separately occurring), shall be adjusted separately and from the amount of each adjusted claim or the applicable limit of liability, whichever is less, the sum of \$10,000 shall be deducted. In the event of any recovery or salvage on a loss which has been or is being or is about to be paid hereunder, such recovery or salvage shall accrue entirely to the benefit of the Company under this policy until the sum paid by them has been made up.

**CONDITIONS**

**10. OTHER INSURANCE:**

If at the time of loss or damage there is available to a named or unnamed insured or any other interested party any other insurance which would apply in the absence of this policy, the insurance under this policy shall apply only as excess insurance over such other insurance.

**11. IMPAIRMENT OF RECOVERY RIGHTS:**

Any act or agreement by the Insured before or after loss or damage whereby any right of the Insured to recover in whole or in part for loss or damage to property covered hereunder against any carrier, bailee